

[By Ryan Donmoyer, Bloomberg News](#)

Vermont U.S. Representative Peter Welch proposed a 50 percent tax on employee bonuses exceeding \$50,000 at banks that received bailout funds from the Troubled Asset Relief Program.

Legislation introduced today by Welch, a Democrat, would use revenue generated by the tax to fund a new Small Business Administration lending program. He said he modeled his plan after bonus taxes adopted in the U.K. and France.

"As most Americans struggle to endure a long and wrenching recession, the same Wall Street bankers who came to the American taxpayer with hat in hand are now preparing to pocket record-breaking bonuses," Welch said in a statement. "Financial firms that received taxpayer assistance must remember that they owe their return to profitability to hardworking Americans."

Profits at financial institutions, which begin reporting earnings later this week, have rebounded and may triple by 2011, according to analyst surveys compiled by Bloomberg News. Charlotte, North Carolina-based Bank of America Corp., the biggest U.S. lender, said last week it expects to pay record bonuses to some investment bankers.

The tax would apply to all bonus compensation in the form of cash and stock that exceeds \$50,000, said Welch's spokesman, Paul Heintz.

The House of Representatives on March 19 adopted by a vote of 328-93 a 90 percent tax on bonuses paid by American International Group Inc. and other companies that got bailouts. The measure stalled in the Senate, where a 70 percent tax was proposed by Senate Finance Committee Chairman Max Baucus, a Democrat, and Republicans Charles Grassley of Iowa and Olympia Snowe of Maine.